

PENACHIO MALARA LLP
Counsel for the Debtor
235 Main Street
White Plains, New York 10601
(914) 946-2889

Anne Penachio, Esq.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re

CHAPTER 11

NORTH STATE ASSOCIATES,

CASE NO.: 17-23846(rdd)

Debtor.

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AFFIRMATION PURSUANT TO LOCAL BANKRUPTCY RULE 1007-2

ANNE PENACHIO, counsel to North State Associates, hereby affirms as follows:

1. North State Associates (the "Debtor") is a partnership in dissolution. Its *financial* affairs are managed by Robert Hale, who is assisted by his wife, Florence Hale (together, the "Hales").
2. I submit this affirmation pursuant to Federal Rule of Bankruptcy Procedure 1007(d) and Local Bankruptcy Rule 1007-2.
3. The Hales are elderly and can ambulate without assistance. I have known the Hales for at least four decades and am familiar with the facts herein. Based upon my *discussions* with the Hales and personal knowledge of their situation, I have prepared this affirmation.
4. Upon information and belief, the Debtor is currently a partnership in

dissolution. Upon information and belief, one of the two partners died (Mrs. Hale's brother).

5. The Debtor primary asset is an investment property at 581 North State Road, Briarcliff Manor, NY 10510 (the "Premises"). Other than ownership of the Premises, the Debtor has limited or no business activity.

6. In the past, the Hales operated Haldean Sheet Metal Fabricators, Inc., a sheet metal business from the Premises. The operating entity closed several years ago. Since such time, the Debtor has been trying to sell the Premises.

7. Northeast Bank holds a mortgage on the Premises. Upon information and belief, approximately \$200,000.00 is due. The Premises is the subject of a foreclosure action entitled *Northeast Bank v. North State Associates et al.* bearing index number 51375/2017.

8. The Debtor has agreed to the terms of a contract, which is being drafted. The purchase price is \$475,000.00. There are several conditions to the sale but the Debtor does not believe that they are onerous. It is submitted that the sale of the Premises makes sense and will maximize the value.

9. No shares of the Debtor are publically held.

10. No property of the Debtor is currently in the possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, secured creditor or any agent for such entity.

11. The Debtor's assets and books and records are located at its offices or at the Hales' home.

12. Other than Northeast Bank, the Debtor's creditors are limited.

13. Upon information and belief, the aforementioned foreclosure sale is the only action pending against the Debtor. An electronic search of NY State Court records did not reveal any other litigation.

14. Mr. Hale is responsible for the Debtor's day to day operations.

15. The Debtor filed for bankruptcy relief to protect it from the threat of foreclosure and to effectuate a sale under Section 363 of the Bankruptcy Code.

16. A copy of the corporate resolution authorizing the filing of the Debtor's Chapter 11 proceeding has been or will be filed with the Court.

17. I believe that the best interests of the Debtor and its creditors and equity holders will be best served by Chapter 11.



Anne Penachio

Dated: 11-30-17